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HOUSING



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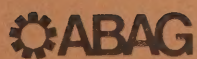
GUIDE



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## Introduction

The Bay Area today faces a housing crisis. Home ownership has become virtually impossible for most renters who would normally enter the ownership market. High interest rates coupled with the near halt of new rental construction and the conversion of existing units to condominiums has placed great pressure on the rental market. The inflation of land and money costs has dramatically slowed the construction and sales of new ownership units.

Add to this, estimates by ABAG that by 1985 the Bay Area will need to increase its 1980 level of housing stock by about 216,900 units. Housing permit data for 1980 reveals that housing activity must increase by approximately 50% each year (if the level of permits issued in 1980 remains constant each year) in order to meet this projected need.

With the above in mind, this guide was prepared as a source of contacts for obtaining more information about current housing issues and the innovative programs being undertaken by local governments.

The following housing programs and policies have been developed by Bay Area communities in an attempt to address the Bay Area's critical need for housing.



## Air Rights and Ground Leasing

One way to increase the number of low- and moderate-income housing units is to make use of air rights and ground leasing agreements. Air rights and ground leasing agreements are alternatives to the conventional option of selling the land and with it all rights and interests connected to the land.

Air rights can be conveyed in a number of ways depending on the purpose of the agreement. For instance, the airspace above or below a specified height is sold, as in the case of a condominium. Or, all property and air rights are sold with an easement retained (the right to use the land for a specified purpose, falling short of ownership). This latter method is commonly the situation with railroads and highways, where they involve rights-of-way only.

A ground or land lease is a variation on the air rights lease. The property owner retains title to the land but leases the right to own a house on the land. Each person has partial ownership: one owns the land while the other owns private buildings on the land. A common example of this arrangement is a mobilehome park. The park is owned by one party who rents a space to the mobilehome owner.

Three examples of using air rights or ground leasing agreements to facilitate the development of low and moderate-income housing can be found in San Francisco, Alameda County, and the City of Santa Clara. The following sources will provide more information about air rights and ground leasing.

"Air Rights and Ground Leasing: Alternative Land Use," Issue/Option Paper #3, ABAG, November 1981.

**Al Borvice . . . . . (415) 826-5506**  
Housing Development and Neighborhood  
Preservation Corporation  
2588 Mission Street  
San Francisco, California 94114

**J. Michael Leahy . . . . . (415) 874-5292**  
Alameda County Health Care Agency  
499 Fifth Avenue  
Oakland, California 94612

**Olney G. Smith . . . . . (408) 984-3111**  
City of Santa Clara, Planning Department  
1500 Warburton Avenue  
Santa Clara, California 95050

## ARTICLE 34

In order to ensure that local citizens have a voice in determining their community environment, California voters in 1950 passed the Article 34 Amendment to the State Constitution. Article 34 requires that a local referendum be held before many kinds of assisted housing developments can be constructed. Article 34 states the following:

"No low rent housing project shall hereafter be developed, constructed or acquired in any manner by any state public body until a majority of the qualified electors of the city, town or county, as the case may be, in which it is proposed to develop, construct, or acquire the same, voting upon such issue, approve such project by voting in favor therefore at an election to be held for that purpose, or any general or special election."

In other words, an Article 34 referendum is required if all of the following three conditions exist: (1) a state public agency is involved (includes city or county agencies); (2) the public agency will acquire, develop or construct the housing project; and (3) the proposed project is to be a low-rent housing project.

While a number of subsequent court cases have narrowed the meaning of the terms, "develop, construct, or acquire," and "low-rent housing project," there are many cases when a referendum will be necessary. For example, any development financed by the California Housing Finance Agency (CHFA) in which more than 49 percent of the occupants are low-income, or any development built by or for a housing authority, will require Article 34 referendum approval.

The following sources of information and individuals can provide more details about Article 34 and this referendum in their respective areas:

Local Officials' Guide to Housing and Housing Programs, Chapter 6, ABAG, September 1980.

**Margaret Watson . . . . . (707) 252-7711**  
City of Napa Housing Authority  
1600 First Street  
Napa, California 94558

**Dennis Richards . . . . . (415) 235-4310**  
City of El Cerrito, Department of  
Community Development  
10890 San Pablo Avenue  
El Cerrito, California 94530

**Michael Parsons . . . . . (415) 828-3132**  
City of Pleasanton Housing Authority  
P.O. Box 3663  
Pleasanton, California 94566



**Steve Solomon . . . . . (415) 671-3151**

City of Concord, Planning Department  
1950 Parkside Drive  
Concord, California 94519

**Janet Miller-Schroeder . . . . . (415) 472-4030**

Marin County Housing Authority  
P.O. Box 4282  
San Rafael, California 94913

**Christine Gouig . . . . . (707) 527-3187**

Sonoma County Housing Authority  
2403 Professional Drive, Suite 103  
Santa Rosa, California 95401



## Condominium Conversions

The conversion of rental apartments to condominium ownership has been a growing phenomenon throughout the San Francisco Bay Area within the last decade. From 1970 to 1980, a total of 22,611 condominium conversions were approved by local planning departments in the Bay Area. In addition, conversion activity is widespread; eight of the nine counties and 51 of the 92 cities in the Bay Area have reported some conversions. Cities in the region with the highest number of conversions within the last decade include Oakland, San Francisco, San Bruno, Mountain View, Concord, South San Francisco, Emeryville, Walnut Creek, and Santa Clara.

The growth in the number of conversions hit a peak in 1979. Between 1979 and 1980, the total figure for the region dropped 25 percent. Communities showing the largest declines are Oakland (down 86 percent in that period), San Francisco (down 65 percent), Mountain View (down 81 percent) and Santa Clara (down 52 percent). These are the same communities which had shown the greatest conversion activity in the region since 1970.

Some possible explanations for this decline include: (1) the best apartment properties have already been converted; (2) rising and erratic interest rates slowed down all housing activity in 1980, and conversions were not immune (but conversions doubled from 1978 to 1979, when interest rates were also rising rapidly, and when building permits as a whole dropped 12 percent); and (3) there has been an increase in conversion ordinances which impose more stringent conditions on the developers, who therefore find conversions less profitable.

The following sources of information and individuals can provide more details of local conversion ordinances and the amount of conversion activity in the Bay Area.

Housing Activity Report #3, ABAG, May 1981.

Local Officials' Guide to Housing and Housing Programs, Chapter 2, ABAG, September 1980.

Condominium Conversions in the Bay Area, ABAG, September 1979.

**Norman Lind . . . . . (415) 273-3301**  
City of Oakland, Planning Department  
1421 Washington Street  
Oakland, California 94612

**Dean Macris . . . . . (415) 558-4656**  
City & County of San Francisco,  
Planning Department  
100 Larkin Street  
San Francisco, California 94102

**Gary Binger . . . . . (415) 943-5800**  
City of Walnut Creek, Planning Department  
1445 Civic Drive  
Walnut Creek, California 94596

**Olney Smith . . . . . (408) 984-3111**  
City of Santa Clara, Planning Department  
1500 Warburton Avenue  
Santa Clara, California 95050



## Equity Sharing

Equity sharing is a method by which moderate-income people share the costs of home ownership with investor-sponsors. The investor and occupant together put up the capital needed for the downpayment and purchase costs in order to buy a house. When the house is sold, the equity earned through appreciation is split between occupant and investor according to the percentage of the downpayment and purchase costs initially supplied by each.

In some programs the occupant is a tenant, receiving none of the tax benefits of home ownership. In other programs, the investor and occupant are "tenants-in-common." The resident is a homeowner and can deduct his/her share of tax payments and monthly interest payments.

The concept of equity sharing is based on the potential for appreciation found in the Bay Area in the last few years. While it is hard to foresee a substantial drop in housing prices, the slowdown in sales and decline in the housing price inflation rate over the past year have caused investors to become more reluctant to initiate an equity sharing deal.

The City of Concord has put together a package for low and moderate-income households which makes use of funds available through the California Department of Housing and Community Development's equity sharing program. The funds are part of the \$100 million housing package authorized by AB 333/SB 229, and passed in 1979 by the State Legislature.

The Santa Rosa Housing Authority has developed an equity sharing program for housing rehabilitation. Low-income home owners may choose between a deferred loan or an equity partnership with the housing authority in order to repair or maintain their homes. This contrasts with most equity sharing programs which assist in the purchase of homes.

The following sources will provide more information about equity sharing.

Local Officials' Guide to Housing and Housing Programs, Chapter 9, ABAG, September 1980.

**Jerry Hunt . . . . . (415) 326-7364**  
California Housing Properties  
151 University Avenue, Suite 203  
Palo Alto, California 94301

**Steve Solomon . . . . . (415) 671-3164**  
City of Concord, Planning Department  
1950 Parkside Drive  
Concord, California 94519

**Bob Mang . . . . . (415) 326-1425**  
Shelter Capital  
540 University Avenue  
Palo Alto, California 94301

**Steve Burke . . . . . (707) 576-5465**  
Santa Rosa Housing Authority  
P.O. Box 1806  
Santa Rosa, California 95402

**Al Bloom . . . . . (916) 445-0836**  
State of California, Department of Housing and  
Community Development  
921 Tenth Avenue  
Sacramento, California 95814



## Inclusionary Land Use Measures

An inclusionary land use measure is a mechanism used by a jurisdiction to expand the supply of affordable housing to low and moderate-income households. Most often it takes the form of a mixed basket of incentives (e.g., density bonuses, fast-track processing, off-site improvements, parking requirement modifications) and requirements (a certain percentage of units must be reserved for low and moderate-income households).

An example of such a measure is inclusionary zoning, which is hotly disputed as either an inequitable and inflationary local requirement or as the best insurance that a certain percentage of new housing units will be reserved for low and moderate-income households. The basic disagreement centers on who actually bears the costs of providing affordable housing.

Some opponents argue that inclusionary zoning creates a situation in which the purchasers of market-rate units subsidize the low and moderate-income units. Developers will not attempt a project unless they are reasonably sure of at least a market-rate of return. Opponents argue that in order to obtain this rate of return, developers will pass on the extra costs to the market-rate purchasers. They say that this increase in housing prices fuels inflation in the area.

Inclusionary zoning advocates contend that there is no subsidy taking place between market-rate and low-income housing purchasers. Instead, the reduced price for low and moderate-income units comes out of builder profits. It is argued that builders sell units at the highest price the market will bear. Therefore, even if a development includes some low-cost units, this will not raise the price of the market-rate units.

The following sources will provide more details about inclusionary land use measures and inclusionary zoning.

Inclusionary Land Use Measures Report, ABAG, 1980.

**June Baker . . . . . (415) 499-6269**  
Marin County, Department of Planning Services  
315 Civic Center  
San Rafael, California 94903

**Steve Burke . . . . . (707) 528-5484**  
City of Santa Rosa, Department of Community  
Development  
P.O. Box 1678  
Santa Rosa, California 95402

**Glenn Miller . . . . . (415) 329-2310**  
City of Palo Alto, Planning Department  
250 Hamilton Avenue  
Palo Alto, California 94301

**James Sisk . . . . . (408) 252-4505**  
City of Cupertino, Planning Department  
10300 Torre Avenue  
Cupertino, California 95014

**Howard Nies . . . . . (415) 449-4003**  
City of Livermore, Planning Department  
1052 So. Livermore Road  
Livermore, California 94550



## Landbanking

Landbanking is the purchase of developable land by a jurisdiction for future use. Many jurisdictions have used landbanked sites to provide affordable housing for low and moderate-income people. With land in the Bay Area now representing an average of 33 percent of the total cost of new housing, this method is an effective way of reducing housing costs for the developer of low and moderate-income housing. A related advantage of landbanking is that through a careful selection of parcels, the local community can aid in the dispersal or scattering of low and moderate-income housing thereby minimizing potential community opposition.

There are two variations of the landbanking process. A developer may go to the locality with a parcel in mind which he/she cannot afford to buy, and the locality will buy it for him/her. Alternatively, the community may choose a parcel and keep it until a developer comes along to build on it. In this case, the jurisdiction has several options regarding control of the site. The most obvious is outright purchase, but this may not be the best way for the locality to use the funds set aside for landbanking. Other options include: the option to purchase, at a stated price under stated conditions; the option of first refusal, under which the property owner agrees to notify the community in case an offer is made by a second party to purchase the land; and a lease, which is useful if the property owner is unwilling to sell but is willing to develop the land. Sources of funds for landbanking have usually come from a jurisdiction's Community Development Block Grant (CDBG) monies, although money from a community's general fund can and has been used.

The following Bay Area communities have implemented or proposed to implement landbanking activities through the CDBG program. For more detailed information, consult the sources listed below.

Local Officials' Guide to Housing and Housing Programs, Chapter 7, ABAG, September 1980.

**Howard Nies . . . . . (415) 449-4000**

City of Livermore, Planning Department  
1052 So. Livermore Avenue  
Livermore, California 94550

**Charles Cashmark . . . . . (415) 793-1400**

City of Newark, Planning Department  
37101 Newark Boulevard  
Newark, California 94560

**William Rugg . . . . . (415) 577-3351**

City of San Leandro, Department of Community  
Development  
835 East 14th Street  
San Leandro, California 94577

**Don Fleming . . . . . (415) 992-4500**  
City of Daly City, Department of Community  
Development  
333 90th Street  
Daly City, California 94015

**Dick Coleman . . . . . (415) 574-6770**  
City of San Mateo, Department of Community  
Development  
330 West 20th Avenue  
  
San Mateo, California 94403

**William Powers . . . . . (408) 738-5467**  
City of Sunnyvale, Department of Community  
Development  
P.O. Box 60607  
Sunnyvale, California 94088

**Michael Kaufman . . . . . (707) 429-2900**  
City of Suisun City, Planning Department  
701 Cedar Street  
Suisun City, California 94585

**Richard Box . . . . . (707) 795-5478**  
City of Cotati, Planning Department  
P.O. Box 428  
Cotati, California 94928



## Limited Equity Cooperatives

A limited-equity cooperative provides low and moderate-income residents with the opportunity for affordable home ownership. In a limited equity co-op, like a market-rate co-op, the residents form a non-profit corporation which has as many shares as there are units in the building. The units may be converted from an existing rental building, or a new building may be constructed as a limited equity cooperative.

To live in a co-op, the residents purchase a share by making a down payment. The residents' monthly payment is their share of the mortgage payment plus the costs of utilities and maintenance. A share entitles co-op members to the use of common areas and their dwelling unit. While they do not own their dwelling unit, co-op members may deduct their share of interest and tax payments when filing tax returns because they are part owners of the building.

Limited equity co-ops differ from market-rate co-ops primarily in that the cost of buying a share in a limited equity co-op is generally measured in the hundreds rather than thousands of dollars and can rise only a certain amount each year. The point of limiting the equity build-up is to remove the units from market forces (unlike market-rate co-ops), as well as from the rent increases of a for-profit owner (unlike most rentals). Thus, the dwelling is kept permanently affordable to low and moderate-income people.

For further information about limited equity cooperatives, consult the following sources.

Local Officials' Guide to Housing and Housing Programs, Chapter 4, ABAG, September 1980.

**Joel Rubinzahl . . . . . (415) 832-8300**  
Community Economics  
1904 Franklin Street, Suite 900  
Oakland, California 94612

**National Association of  
Housing Cooperatives . . . . . (202) 628-6242**  
1012 Fourteenth Street, NW, Suite 805  
Washington, D.C. 20005

**Richard Illgen . . . . . (415) 465-9911**  
Oakland Better Housing, Inc.  
1027 Adeline Street  
Oakland, California 94607

**Irv Rautenberg . . . . . (415) 843-0588**  
University Avenue Housing Co-op  
1414 University Avenue  
Berkeley, California 94709

## Manufactured Housing

The term "manufactured housing" encompasses both factory-built housing and mobilehomes. Changes in the manufactured housing industry such as construction techniques, design, and size of units have made mobilehomes more like conventional site-built housing. These dwellings have begun to represent a significant element of the single-family housing market.

Since 1970, the number of mobilehomes in the Bay Area has doubled, from 27,125 to 54,507. During the same period, the total housing supply has increased by 25%, so that the percentage of mobilehomes has gone from 1.7 to 2.7%. One-third of the region's stock of mobilehomes is located in Santa Clara County, which contains 23% of the region's total housing. Another third is located in the three North Bay counties of Sonoma, Napa and Solano, which contain less than 12% of the region's total housing.

ABAG's Projections 79 report indicates that most of the areas in the region that contain mobilehomes are expected to grow considerably faster in the next 20 years than the region as a whole. It would appear, therefore, that manufactured housing may expect to share in that growth. On the other hand, a brief survey of current zoning ordinances indicates that future growth may be severely restricted by the types of regulations in effect. ABAG is currently collecting local ordinances to determine if local regulations do restrict future growth of manufactured housing.

Two relevant State laws, AB 1564 and SB 1960, were passed in 1980 in order to address some of the local barriers to manufactured housing. The intent of these two laws is to require local governments to consider mobilehomes as one of the appropriate resources available to meet local housing need.

The following sources of information and individuals can provide a more detailed description of the issues surrounding manufactured housing and local programs making use of manufactured housing.

Manufactured Housing Study, ABAG, November 1980.

**Steve Belcher . . . . . (415) 273-3502**  
City of Oakland, Office of Community Development  
1421 Washington Street  
Oakland, California 94612

**Bill Murphy . . . . . (916) 445-0836**  
California Department of Housing and  
Community Development  
921 Tenth Street  
Sacramento, California 95814



**Chris Petrakos . . . . . (916) 446-4124**  
California Manufactured Housing Association  
1107 Ninth Street, Suite 700  
Sacramento, California 95814

**John Plassmeyer . . . . . (408) 299-2241**  
Santa Clara County Tax Assessor's Office  
70 West Hedding Street  
San Jose, California 95110

**Chuck Regalia . . . . . (707) 528-5484**  
City of Santa Rosa, Department of Community  
Development  
P.O. Box 1678  
Santa Rosa, California 95403

## Mixed-Use Developments

Mixed-use developments are an option for communities experiencing rapid development of agricultural land, or increased job growth with little housing production. Mixed-use developments create a community structure which combines residential with commercial and/or light industrial uses. This is in contrast to traditional community planning which seeks to separate uses through restrictive zoning. As land suitable for development decreases, many cities are attempting to facilitate the creation of smaller areas within the community which provide employment for their residents.

Retail stores, offices, electronic and computer manufacturing, restaurants and other service industries are prime examples of the kinds of business which can be mixed with residential units. Usually, the residential units are either condominiums or townhouses, although some projects also include rental units. Often a certain percentage of the residential units are set aside for employees working in the mixed development.

Examples of mixed-use development can be found in Fremont, Redwood City, Sunnyvale, and San Francisco. For further information about mixed-use development consult the following sources.

"Mixed-Use Development," Issue/Option Paper #4, ABAG, January 1982.

**Steven Saul . . . . . (415) 493-6010**  
Harrington-Kulakoff Development Company  
835 Page Mill Road  
Palo Alto, California 94304

**Stephan Graham . . . . . (415) 363-4000**  
City Government Housing Education Project  
617 Hamilton Street  
Redwood City, California 94063

**Barry Hand . . . . . (408) 738-5461**  
City of Sunnyvale, Department of Community  
Development  
P.O. Box 60607  
Sunnyvale, California 94088

**Leonard Banding . . . . . (415) 791-4169**  
City of Fremont, Department of Community and  
Economic Development  
39700 Civic Center Drive  
Fremont, California 94538

**Richard Damm . . . . . (916) 445-1114**  
State of California  
Office of Planning and Research  
1400 Tenth Street  
Sacramento, California 95814



## Mortgage Revenue Bonds

Tax-exempt mortgage revenue bonds are a source of funds which may be used to raise money for mortgage insurance and mortgage loans. The money that is generated by the bonds can then be issued at below-market rates, for both single family owner-occupied homes and multi-unit rental housing. The loans may be used for rehabilitation or new construction. Outstanding mortgage loans are collateral for the bonds. Housing finance agencies are created to issue such bonds, but other agencies, such as housing authorities, local governments, redevelopment agencies, and the State, may also do so. The interest rate on the mortgage loans issued by these agencies is usually around 1-1/4% above the interest rate paid to bondholders. Private lenders originate the loans, sell them to the city or agency, and service the loans. Private lenders collect a portion of the 1-1/4% for their services.

The Mortgage Subsidy Bond Tax Act of 1980 (HR 7765) was approved in order to limit the loss in federal tax revenues caused by the increased use of tax-exempt bonds by cities and non-profit agencies. The Act was initiated in order to limit the use of tax-exempt bonds to support upper-income housing developments. HR 7765 includes provisions which would phase out the use of tax-exempt housing bonds by December 31, 1983. In addition, the law states that the purchase price of homes to be financed cannot be above 90 percent of the local area average purchase price in the preceding year. There are no income limits for purchaser eligibility. The annual total amount of such bonds to be issued in a state would be limited to the greater of 9 percent of all mortgages issued in the state, or \$200 million. The annual total is the average of all mortgages originated in the state in the preceding three years.

The law also targets areas of high unemployment and chronic economic distress to receive at least 20 percent of lendable proceeds of mortgage bonds issued in their jurisdictions. In addition, the law would confine the use of mortgage bonds to houses where the purchase price did not exceed 80 percent of the average purchase price, or 90 percent in non-targeted areas.

The following areas have issued or are planning to issue tax-exempt, mortgage backed bonds: Alameda County, Berkeley, Fremont, Hayward, Livermore, Newark, Oakland, Pleasanton, San Leandro, Union City, Contra Costa County, Antioch, Brentwood, Concord, El Cerrito, Hercules, Martinez, Pittsburg, Pleasant Hill, San Pablo, Walnut Creek, Napa, San Francisco, San Mateo County, Santa Clara County, Morgan Hill, San Jose, Solano County, Dixon, Fairfield, Vacaville, Vallejo, Healdsburg, Petaluma, Rohnert Park, and Santa Rosa.

For more information about mortgage revenue bonds or particular programs, consult the sources listed below.

Local Officials' Guide to Housing and Housing Programs, Chapter 10, ABAG, September 1980.

**Mark Curran or E.M. McCartt . . . (415) 836-4914**

City Bond and Mortgage Corporation  
150 Grand Avenue  
P.O. Box 1440  
Oakland, California 94604

**John Thompson . . . . . (707) 446-6700**

City of Vacaville  
650 Merchant Street  
Vacaville, California 95688

**Steve Mathews . . . . . (415) 234-6449**

San Pablo Redevelopment Agency  
1 Alvarado Square  
San Pablo, California 94804

**Mark Miller . . . . . (415) 581-2345**

City of Hayward  
22300 Foothill Boulevard  
Hayward, California 94541



## Non-Profit Housing Development

A non-profit housing development corporation (HDC) is a corporation created specifically to promote, assist, or sponsor housing for low and moderate-income people. The catalyst for setting up such an organization is often the recognition that the housing needs of the community are not being met by either government or private enterprise.

A non-profit HDC does not build "public housing." Rather, it builds or rehabilitates privately-owned housing for people who cannot afford market-rate housing but whose incomes are generally above the poverty level. In order to keep rents within affordable limits, government assistance of some kind is usually necessary; thus, such housing is often referred to as "assisted housing." Non-profit HDCs can build housing for families, with such amenities as playgrounds, open space, and even child care facilities. They can build housing for the elderly or the handicapped, with units especially designed for the needs of these particular groups. Or they can build so-called "mixed" housing, catering to all three kinds of households. HDCs may build rental housing, or they may sponsor limited equity cooperative housing.

The following organizations and sources of information can provide more details regarding how an HDC works and specific examples of housing built with the assistance of an HDC.

### **The Northern California Association for Non-Profit Housing (NCANPH)**

NCANPH is an organization of people in the non-profit housing field whose purpose is to exchange information on all aspects of running a non-profit HDC--state and federal programs, available financing, project management, the duties of the board of directors, etc. The organization publishes a quarterly newsletter and organizes conferences. For more information on this group, contact Janet Owens, Executive Director, or Dan Lopez, ABAG Housing Program Manager, at (415) 841-9730.

Non-Profit Housing Handbook, NCANPH and National Housing Law Project, October 1981.

Local Officials' Guide to Housing and Housing Programs, Chapter 3, ABAG, September 1980.

**John Wilson-Bugbee . . . . . (415) 453-4887**  
Ecumenical Association for Housing  
1510 Fifth Avenue  
San Rafael, California 94901

**Rick Holliday . . . . . (415) 582-1460**  
Eden Housing, Inc.  
1035 B Street, Suite 201  
Hayward, California 94541

**Clarence Swann . . . . . (415) 332-6731**  
Marin City Community Development Corporation  
630 Drake Avenue  
Marin City, California 94965

**Bob Moulton . . . . . (415) 327-9280**  
Mid-Peninsula Coalition Housing Fund  
P.O. Box 11397  
Palo Alto, California 94306

**Jose Wheelock . . . . . (415) 648-6113**  
Mission Housing Development Corporation  
2922 Mission Street  
San Francisco, California 94110

**Hal Foster . . . . . (415) 451-7414**  
Oak Center Homes  
779 Sixteenth Street  
Oakland, California 94612

**Joel Rubinzahl or  
Christine Webb Curtis . . . . . (415) 832-8300**  
Oakland Community Housing  
1904 Franklin Street, Suite 9  
Oakland, California 94612



## Pension Funds

Pension funds are a possible source of residential mortgage financing, as traditional sources of funding shrink. The savings and loan industry, the largest traditional supplier of residential mortgages, has been unable to attract a sufficient amount of capital necessary to issue new mortgages.

Traditionally, pension funds have been invested in low risk, low-yield securities. According to its annual report, the California Public Employees Retirement System (PERS) had a return of only 7.9 percent on its portfolio in fiscal year 1980.

In early 1981, Governor Brown appointed the Public Investment Task Force to investigate the possibility of using pension funds as a source of residential mortgage money. The task force has recommended that public and private employee pension funds invest in mortgages, and has outlined specific steps for them to do so. According to their report, public and private employee pension funds are worth a total of \$60 billion in California. Nationwide, pension fund assets total more than \$650 billion, and these funds are growing at a rate of 10 to 15 percent a year. By 1995, it is estimated about \$4 trillion will be invested in pension funds in the U.S.

Two pieces of legislation are pending in the State Legislature which would make investment in the California residential mortgage market more attractive to pension funds. State Constitutional Amendment SCA 121 would relax restrictions on pension fund managers. AB 2245 would create the California Secondary Mortgage Market Association.

The following individuals can provide more detailed information on the issues surrounding pension fund investments.

**Larry Litvak . . . . . (415) 832-8300**  
Community Economics  
1904 Franklin Street, Suite 900  
Oakland, California 94612

**Sue Mulloy . . . . . (415) 864-7400**  
Public Pension Investment Project  
Catholic Social Services  
50 Oak Street  
San Francisco, California 94102

**Robert Knox . . . . . (415) 874-6766**  
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## Streamlining the Residential Development Process

The residential development review process has been established to make sure that planned developments comply with a community's growth goals, as outlined in its general plan. It has been estimated that this process can take anywhere from 18 to 36 months. Streamlining the process can reduce housing costs by reducing the review and approval time for projects.

Local jurisdictions such as Alameda County, Antioch, Mountain View, Palo Alto, Redwood City, San Jose, San Mateo County, and Santa Clara County have incorporated techniques to streamline the development review process. Some of these techniques include: holding informal pre-application meetings, re-organizing regulatory departments, preparing master environmental impact reports, processing permits simultaneously, and making use of computers in some phase of processing.

In Hayward, a 58 unit low and moderate-income housing development has been constructed as part of a U.S. Department of Housing and Urban Development (HUD) demonstration project. This project is designed to show the extent to which housing costs and time can be reduced by streamlining both the local and federal review and approval process.

For additional information regarding the residential development process, consult the following sources.

Development Fees Survey, ABAG, January 1982.

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## Surplus Lands

The growing need for housing in the Bay Area places greater pressures on available land and land prices. As the availability of land suitable for housing decreases, the price of land increases. Where suitable land is owned by public agencies, the potential exists for developing affordable housing if the land can be made available at prices below market costs.

One of the first obstacles in making use of surplus public lands is identifying which jurisdictions have sites suitable for residential development. In April 1980, ABAG conducted a survey to determine the number and size of surplus sites in the Bay Area.

This survey identified 2,656 acres of surplus land owned by school districts, Bay Area cities, and the State. While this is not a complete inventory of surplus sites, it does provide an estimate of how much land potentially could be used for housing in the Bay Area.

Of the approximately 2,656 acres of surplus land:

- 55 percent is owned by school districts
- 26 percent is owned by Bay Area cities
- 19 percent is owned by the State of California.

While each jurisdiction which answered the survey has some surplus land suitable for housing, the largest aggregation of surplus land was found in Santa Clara and Contra Costa counties. For instance, the Campbell Union Elementary School District in San Jose had 138 acres of scattered sites which it plans to sell or lease. The Palo Alto Unified School District owns approximately 140 acres of scattered sites which it plans to sell. In Contra Costa County, 360 acres of surplus land is owned by the State of California. Many of these sites are suitable for the development of low and moderate-income housing.

For more information about surplus lands and their use in developing affordable housing, consult the following sources.

Surplus Lands Study, ABAG, January 1981.

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The Association of Bay Area Governments (ABAG) is one of nearly 700 regional planning agencies across the nation. ABAG is owned and operated by the cities and counties of the San Francisco Bay Area. It was established by them in 1961 to protect local control, plan for the future, and promote cooperation on areawide issues.

Through its role as an association of cities and counties, ABAG has been designated by the state and federal governments as the official comprehensive planning agency for the Bay Area. Its locally adopted Regional Plan provides a policy guide for planning the region's housing, economic development, environmental quality, transportation, recreation, health and safety.

### ABAG Information Services

#### RECENT SURVEYS AND/OR REPORTS

Development Fees in the San Francisco Bay Area: A Survey, January 1982.

Housing Needs Report, December 1981.

Housing Activity Report for the San Francisco Bay Area, No. 3, May 1981, No. 2, January 1980, No. 1, March 1979.

Manufactured Housing Study, Task Force Report to Bay Area Cities and Counties, November 1980.

Condominium Conversions in the Bay Area, September 1979.

Surplus Lands Study, January 1981.\*

#### DIRECTORIES AND GUIDES

Directory of Jobs, Housing & Social Services, September 1981.

Directory of Assisted Housing, January 1981.

Local Officials' Guide to Housing and Housing Programs, September 1980.\*

Fair Housing Directory: Organizations Fighting Housing Discrimination, May 1980.

## STUDIES IN PROGRESS

Directory of Assisted Housing (update due March 1982).

Manufactured Housing Study (update due June 1982).

Housing Activity Report #4 (update due June 1982).

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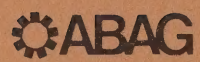
To obtain more information about items listed above or topics covered in this guide, contact Daniel B. Lopez at (415) 841-9730.

\* These publications are out of print and available only at depository libraries. Please contact ABAG's Public Affairs Department for the location of these libraries.









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